

# HOUSING

## **4.1 OVERVIEW**

Over the last several decades, Beaverton has undergone many changes in its residential housing makeup. Forty years ago the City's population stood at about 6,000 residents. By the year 2000, that number has increased to almost 70,000 residents. The City's housing market has been subject to various trends over this time span and changed in a variety of ways. Predominant housing characteristics which have occurred in response to this growth become particularly evident when viewing the City's housing trends from the perspective of three indicators – 1) housing supply, 2) mix of housing types, and 3) housing affordability.

### **1) Housing Supply and Density:**

Although the last forty years has seen a tremendous amount of housing production in the City, the rate at which this growth has occurred has not been constant. Examination of how that growth has occurred over time can reveal some interesting patterns. In the year 2000, it is estimated that the City of Beaverton has 32,202 housing units - 15% of which were produced in the 1960s, 21% in the 1970s, and 33% in the 1980s. The steady escalation of growth indicated by these numbers has taken a downturn during the 1990s however to reveal that only 25% of the City's housing units were built during that decade. Further, an examination of the City's building permits data reveals that production of new units has declined from over 2000 issued in fiscal year 1989-90 to just over 200 in fiscal year 1999-00.

Continual production of new housing throughout the City coupled with restrictions imposed by the City's inability to develop outside the Urban Growth Boundary has resulted in a drastic slowdown in growth over the last several years. Although some of this slowdown can be attributed to market fluctuations, a significant measure can also be explained by the fact that while the City's population has increased, the amount of land capable of absorbing the need for new housing has decreased. In essence, the City has nearly depleted its inventory of vacant land. Over the last several years the private market has responded to this trend by modifying their production strategies to focus upon "infill" opportunities while the City has adopted policies designed to increase housing unit densities and maximize the development potential of the land remaining. As a result, development during 1980s was characterized by fewer projects but at much larger scales while the 1990s has seen more projects but at significantly smaller scales.

### **2) Housing Type:**

Back in 1960, housing units in Beaverton were predominately single-family residential, making up approximately 78% of the city's total housing stock. Although much of the housing built in the 1960s catered to residents who commuted to downtown Portland, expansion of the city's consumer base infused the emerging local economy. As a result, the demand for labor needed to staff new businesses expanded the market for multi-family rental housing which grew over the next several decades to occupy a significant segment of the housing market. The supply of multiple-family housing increased further with the emergence

of condominiums which were introduced in the late 1970s. In year 2000, it is estimated that the ratio of single-family to multi-family development stands at 51% to 49%.

In recognition of the fact that Beaverton suffers from a shortage of buildable residential land, the City has begun to examine alternatives associated with housing types that emphasize increasing the density potential for new residential development. Recent policy changes designed to address these factors include the adoption of an R4 zone (allowing for a minimum lot size of 4,000 sq. feet per dwelling unit), the easing of restrictions associated with accessory dwelling units and manufactured housing, adoption of mixed use zones, as well as development code text amendments requiring that all new development achieve a minimum density of 80% of allowable capacity.

### **3) Housing Affordability:**

The affordability of housing has become a topic of great concern over the past decade. The crux of the problem lies in the fact that, throughout the region, wage rates have not been able to keep pace with escalating housing costs. The result is an ever widening affordability gap which has the potential of dislocating area residents. In general, a unit is considered unaffordable when its residents are allocating over 30% of their gross income toward housing costs. However, the population segment considered specifically “at-risk” is identified under Metro’s Regional Affordable Housing Strategy (RAHS) as that portion earning below 50% of the area Median Family Income (MFI). According to this document, this population segment not only represents the area of greatest need, but reflects a demographic group regarded as the most vulnerable to losing their housing in a time of personal crisis. Specific groups within this category are particularly affected. These include the elderly on fixed incomes who may find that increasing tax liabilities and maintenance costs exceed their ability to pay for them, single parent households who are overly burdened with extensive childcare costs, and first time homebuyers who may have grown up in an area they can no longer afford to live in.

According to Oregon’s Multiple Listing Service the average home price for the Beaverton area was \$175,700 in 1999 – up from \$91,633 in 1990. In essence, Beaverton’s housing prices have almost doubled in the past nine years. While a segment of this increase can be attributed to escalating costs in permit fees, transportation impact fees, and system development charges, the bulk of the change derives from an increase in the value of land. Many upwardly mobile residents receive a windfall in equity appreciation from this trend, however, others less able to bear the costs resulting from property tax increases find it increasingly difficult to make ends meet. Ballot Measure 50 (a referendum which has limited the amount of property taxes local governments are able to levy) has alleviated this burden to some extent but in general the problem continues. In the case of renters, costs associated with these tax liabilities are passed on in the form of higher rents. In Beaverton that amounts to a 50% increase from an average rent of \$455 in 1990 to approximately \$700 in 1999.

In January 2000 the City conducted a housing survey in order to determine the breadth of its non-affordability problem. The survey found that approximately 17% of Beaverton’s households earned under 50% MFI and 7% under 30% MFI. Of the households earning under 50% MFI, somewhere between 54% and 85% could be classified as living in non-affordable units. Overall, that segment accounts for somewhere between 8% and 12% of Beaverton’s

population (the exact number for non-affordability could not be determined by the survey given that the definition varies with family size). These numbers are somewhat misleading in defining the depth of the problem, however, because they do not reflect the region as a whole.

Because some jurisdictions are burdened with a disproportionate share of the region's low-income housing while others are lacking in that market segment, solutions to the affordability problem are generally addressed from a regional need perspective. In June 2000, Metro's Affordable Housing Technical Advisory Committee (H-TAC) released its Regional Affordable Housing Strategy (RAHS). That report identifies Beaverton's share of the regional need as 7.2% or approximately 6,500 units (about 40% - 60% above the City's internal need). From that total it also sets a performance goal of 656 affordable units to be developed over the next five years.

## **4.2 GOALS AND POLICIES**

Through comprehensive planning, the City of Beaverton can help guide the quantity, types, and affordability of its housing. Goal 10 of Oregon's Statewide Planning Goals and Guidelines pertains specifically to housing. It stipulates that in preparing Comprehensive Plans, "Buildable lands for residential use shall be inventoried and plans shall encourage availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type, and density." In conformance with this provision, as well as those specified in Oregon Revised Statute (ORS) section 197.295 -.314, Oregon Administrative Rules (OAR) section 660-007-008, Metro's Urban Growth Management Functional Plan (UGMFP) - Title 1, and Metro's Regional Affordable Housing Strategy (RAHS), the City conducted a buildable lands analysis and various housing needs studies and has adopted the following goals, policies, and actions to address the City's housing needs as they pertain to the availability of housing supply, housing type, and housing affordability as specified below.

### **4.2.1 HOUSING SUPPLY AND DENSITY**

Like every city and county throughout the state, Beaverton is required under ORS 197.296 to provide enough buildable land to accommodate a future housing need extended out to a twenty year planning horizon. In the Portland Metropolitan Area, Metro is the agency charged with regulating supplies of land within the Portland Metropolitan Urban Growth Boundary and therefore is the agency charged with making the determination as to what that supply of land should be for each jurisdiction under its purview. Determination as to whether local jurisdictions are in compliance with state provisions are made through the Title 1 provisions of Metro's Urban Growth Management Functional Plan. In attempting to address the provisions of this plan, the City conducted a Buildable Lands Analysis and determined that Beaverton would be able to accommodate 12,194 of the 13,580 dwelling units projected by Metro to occur over the next twenty years. This put the City's growth capacity at 91% of

what had been targeted by Metro and allowed the City to obtain a standing of substantial compliance under Metro's regulations.

One component of Title 1 was instrumental in permitting the City to achieve this standing. Section 4 of that title required the City to demonstrate that all residential development occurring between 1990 to 1995 had achieved an overall average net density of 80% of what the applicable zone allows for. If the jurisdiction is not able to demonstrate that it has achieved that required density, the provision suggests that the jurisdiction consider adoption of at least two of five measures specified to increase residential densities. In 1996, the City conducted such a study, (Beaverton's Title 1 Density Study), in order to determine if Beaverton's residential development met Metro's 80% density threshold. The City found that past development densities had not met Metro's 80% minimum, exhibiting instead a 63% measure of development density relative to what the zone allowed. This prompted the City to adopt several Plan and Code amendments identified below.

As indicated above, the most fundamental way to accommodate new development where the land supply is limited, as in Beaverton's case, is to increase unit/acre residential densities. In order to control the degree of sprawl that occurs with an expansion of the urban growth boundary, the state requires cities to demonstrate that their use of land is efficient. They encourage local governments to take measures that have the effect of increasing residential densities. In addition to the Metro required Buildable Lands and Title 1 Density studies mentioned above, the City also conducted several comparable studies to determine if the City is making progress in increasing their overall densities.

OAR 660-007-0035 requires that the City provide for an overall residential density of 10 or more dwelling units per net buildable acre. Since its last periodic review in 1988, net development density surpassed this requirement and achieved an overall average density of 11.23 units/acre. Additionally, OAR 660-007-0600 requires that "During each periodic review local government shall prepare findings regarding the cumulative effects of all plan and zone changes affecting residential use." In consideration of the fact that the City of Beaverton was in Periodic Review at the time this element was being adopted, the City conducted an analysis of its rezoning activity occurring since its last Periodic Review. This Analysis of the Cumulative Effects of City Rezoning study found that the City of Beaverton has accrued the increased capacity to accommodate approximately 5,882 additional units on vacant or buildable land as a result of its rezone approvals over a time span of twelve years. Overall, this amounts to a 377% increase in capacity over what had been previously permitted. Therefore, aside from the conclusions drawn from the Metro Title 1 Density Study, where the City demonstrated a shortfall from the 80% capacity measure, Beaverton has made strides to increase its overall residential densities. The following provisions are adopted in order to continue this trend.

<b>4.2.1.1</b> <b>Goal:    Maximize use of buildable residential land in the City.</b>
--

**Policies:**

- a)      Increase residential capacity in the City to substantially comply with requirements of Title 1 of the Metro Urban Growth Management Functional Plan.

*Action 1: Adopt and apply a Development Code provision to require that net residential development density occur at a minimum of 80% of the maximum density a zone allows for.*

*Action 2: Adopt and apply a new zoning designation allowing for a minimum lot size of 4,000 square feet per dwelling unit.*

*Action 3: Consider adopting and applying land use regulations allowing increased density where low impact development techniques and habitat friendly development practices are applied.*

- b)      To the extent practical, ease the review process and standards for higher density residential projects.

*Action 1: Amend the City’s flexible setback provisions to allow more flexibility in residential design alternatives.*

*Action 2: Consider adopting a two track development review process for higher density development projects proposed outside of established neighborhoods, whereby projects that meet clear and objective design and development standards can be approved administratively. Alternatively, projects whose developers would propose to vary from the standards would be subject to a public hearing process.*

## **4.2.2 AVAILABILITY OF HOUSING TYPES**

Statewide Planning Goal 10 (Housing), ORS 197.296 – 314, .480, & .677, and OAR 660-007-0030 all have provisions requiring that jurisdictions assess the availability of, and provide for, a variety of housing types. Specifically, the intent of these provisions is to “...encourage availability of adequate numbers of needed housing units at price ranges and rent levels which are commensurate with the financial capabilities of Oregon households and allow for flexibility of housing location, type, and density”. To satisfy the directives expressed in these provisions, the City of Beaverton conducted a buildable lands analysis and a residential mix and density study. ORS 197.296 requires that local jurisdictions “determine the actual density

and actual average mix of housing types of residential development that have occurred within the urban growth boundary since the last periodic review...” Upon examining the results of these studies the City found that for the development occurring between the City’s last Periodic Review in 1988 through 12/31/99, over 66% of new development consisted of multiple family residential units. Broken down into individual types, percentages of units developed were 33.6% single family dwellings, 4.1% townhouses & rowhouses, .9% condominiums, .4% duplexes, and 61% apartments. In total, the City’s housing base consists of approximately 50% single family residential (sfr) and 50% multiple family residential (mfr) units with a healthy mix of housing types.

Apart from Beaverton’s existing inventory, OAR 660-007-0018 provides that “Sufficient buildable lands shall be designated on the comprehensive plan map to satisfy housing needs by type and density range as determined in the housing needs projection.” In attempting to address the requirements of this provision and determine the City’s future need, the City also conducted a Housing Types Needs Analysis. This study examined the City’s capacity to accommodate future need by first examining which income groups occupy which housing types, by proportion, and then applying those ratios to Metro’s 20-year housing need projection. Types included in the model include sfr dwellings, apartments, 2-, 3-, & 4-plex buildings, condominiums, and mobile homes. In identifying which types were associated with each income segment, special consideration was given to that segment of the population under 50% of the median income in order to determine if the City could accommodate Metro’s projected affordable housing goal for the City. The study then determined which housing types were permitted in which zones and then proceeded to cross check the need with the buildable lands analysis to derive an estimation of the number of units able to be accommodated in each zone. The study concluded that the City contains adequate buildable land to accommodate housing types associated with each price range and rent level. The map depicting the City’s buildable lands is associated with this element as a supporting document labeled Figure 1 in the Housing Inventory section of Comprehensive Plan - Volume 2.

The Housing Type Needs Analysis succeeded in identifying a nexus between income level and housing type. However, three housing types requiring attention were not considered in this study and are therefore be addressed separately below. They include seasonal farmworker housing, manufactured housing, and government assisted housing.

ORS 197.675 requires that every state and local government agency address the health, safety, and welfare needs of seasonal farmworker housing.

- Seasonal Farmworker Housing: Activities associated with this group are centered in the western portion of Washington County. No need to develop or maintain housing for farmworkers in Beaverton has been identified Therefore provisions to address the development and maintenance of farmworker housing are not considered to be applicable to the City.

OAR 660-007-0033 provides that “Each local government shall consider the needs for manufactured housing and government assisted housing within the Portland Metropolitan UGB [Urban Growth Boundary] in arriving at an allocation of housing types.”

- **Manufactured Housing:** The City’s Development Code allows for manufactured homes in the City’s RA, R5, R7, & R10 zones, mobile home parks in the City’s R5 zone and conditionally in the City’s R2 zone, and manufactured subdivisions in the City’s R5 zone. The City does retain a set of clear and objective criteria relating to the design and placement of manufactured housing without having the effect of discouraging manufactured housing through unreasonable cost or delay. To this extent, the City finds that no further provisions are necessary in order to demonstrate compliance.
- **Government Assisted Housing:** According to the City of Beaverton’s year 2000 Housing Survey, approximately 3% of the City’s households receive public housing assistance of one sort or another (10% - 15% of which are in non-affordable housing). Washington County’s Housing Authority is the agency responsible for administering public housing authority-related programs in Beaverton. The City’s has no role in allocating public housing assistance funding. The City can assist the Washington County Housing Authority in a limited capacity, however, by referring qualified households to the agency.

Although the City’s Housing Types Needs Analysis indicated that the City of Beaverton does possess enough buildable land to accommodate a mix of needed housing types, the City recognizes the value of accessory dwelling units as a sensible housing type alternative. This housing type has the effect of increasing urban densities with minimal impact to neighborhood character. Further, this housing type is often accessible to lower income and special needs populations. In response to Metro’s Title 1 requirements, the City recently updated its Development Code provisions to allow for accessory dwelling units within all zoning districts allowing single family residential uses.

The following provisions reflect the City’s intent to allow a variety of needed housing types.

**4.2.2.1**      ***Goal: Provide an adequate variety of quality housing types to serve Beaverton’s citizenry***

**Policies:**

- a) Allow development of a wide variety of housing types in the City.

***Action 1:** Work in partnership with the Washington County Housing Authority to preserve its portfolio of federally assisted housing at rent levels affordable to extremely and very low-income households.*

***Action 2:** Determine if Development Code restrictions exist that might impede the development of co-housing, halfway houses, or other innovative housing types and, where evident, make amendments to eliminate or reduce those restrictions.*

- b) Maintain the quality and safety of existing Beaverton housing stock.

***Action 1:** Investigate the possibility of establishing a Housing Code Enforcement Program to insure that various housing quality and safety standards are met in order assure that low income renters are provided with decent living conditions.*

### **4.2.3 AVAILABILITY OF AFFORDABLE HOUSING**

Conventional wisdom among those closest to the affordable housing issue is that the problems associated with the lack of affordable housing must be addressed from a regional perspective. This outlook derives from an acknowledgement that those local governments that bear a disproportionate share of the region's low-income housing are often the least equipped to bear the fiscal impacts that result. Therefore, in a metropolitan region where fiscal resources are unequally distributed among local governments, each local government should play a role in addressing the problem. It is from this premise that Metro developed its Urban Growth Management Functional Plan (UGMFP) Title 7 provisions. This section specifies that "The Metro Council shall adopt a "fair share" strategy for meeting the housing needs of the urban population in cities and counties based on a subregional analysis..." and proceeds to identify specific affordable housing related factors to be considered. Further, it provides that an Affordable Housing Technical Advisory Committee (H-TAC) be convened in order to formulate policy recommendations that may later be incorporated into Metro's UGMFP.

HTAC did produce a Regional Affordable Housing Strategy (RAHS) and in it established both production targets (which the City has used in conducting its housing needs analysis) as well as a set of recommended "tools" which can be used by local governments to encourage the development of affordable housing. In the years 2002, 2003, and 2004, the City formally considered these tools and other strategies for implementation and where appropriate, has incorporated them into the policies that follow.

To address the City's need to provide affordable housing, two areas of concern should receive consideration: 1) the retention of the City's existing affordable housing stock and 2) the production of new units.

#### **1) Retention of Existing Housing Stock:**

The City should adopt measures to minimize loss of its existing affordable stock. As the value of Beaverton's housing continues to appreciate, additional cost burdens are placed upon City residents. For city residents deemed "at risk" as a result of their low or fixed income status, this prospect has the potential to cause them to move from their place of residence or spend limited income or resources to retain their residence. Typically, residents under these circumstances will alleviate the escalating burden by drawing upon either the equity invested in their home or upon any disposable income they may have in order to cover costs associated

with maintaining their housing. As the burden increases however, they may be forced to deprive themselves of some basic living necessities such as heat or divert funds away from costs associated with housing maintenance. Substandard living conditions that may ensue could pose a risk to the resident's health and safety. Low income renters can also be at risk when they neglect to demand building improvements from their landlords out of fear that their tenant status may be compromised.

The City can assist residents in this predicament by continuing to provide funding through its Community Development Block Grant and H.O.M.E. programs to service providers that assist this "at risk" population. Additionally, the City can explore the idea of establishing a housing code enforcement program to monitor apartment maintenance as both Tigard and Portland have done. Finally, the City has developed a sound relationship with its community housing development organization (CHDO) partner Tualatin Valley Housing Partners (TVHP). This relationship has resulted in the retention of almost 100 multifamily units affordable to those at or below 60% of the MFI that most likely would have been converted to higher market rate housing. The City can continue to work with this organization to retain endangered affordable housing stock.

<p><b><i>4.2.3.1 Goal: Promote the retention of existing affordable housing stock in the City.</i></b></p>
--

**Policies:**

- a) Support low-income homeowners with housing rehabilitation needs through continued funding and administration of the Citywide Housing Rehabilitation Loan Program.
- b) Continue to devote funding through the City's CDBG and HOME Programs to local non-profit agencies in order to aid in the rehabilitation of existing long-term affordable housing in the City.
- c) Provide continued CDBG funding support to local non-profit service providers so that they may continue to supply needed living and service assistance to low income homeowners and renters.
- d) Work in partnership with TVHP, the Bridge Housing Corporation, Community Partners for Affordable Housing, the Housing Development Corporation, and Habitat for Humanity to preserve housing that is affordable to households at or below 60% of the MFI.
- e) Assure the long term affordability of City funded housing projects.

***Action: 1*** Review CDBG and HOME program requirements that relate to housing assistance and where necessary, establish long term affordability requirements, standards, and guidelines.

## **2) Production of new affordable housing stock:**

According to Metro's RAHS report, the City of Beaverton should seek the development of an additional 656 affordable units within the next five years. Of that number, 229 units should be available to households earning between 30-50% MFI and 427 should be available to households earning under 30% MFI. This task is by no means a small endeavor. The problem in providing these units lies in the fact that it is very difficult for the free market to produce this housing and still realize the profit necessary to make it stay in business. Often, the only housing developers able to make projects of this kind work are non-profit Community Housing Development Organizations (CHDOs) who receive their funding via public subsidy and private donations of money, materials, or labor, and are able to structure their housing development financing near the break even point. These organizations are proficient in not only creating units affordable to low-income residents, but also play a role in maintaining the affordability status of rented units through their continuous monitoring and effective property management activities.

### ***4.2.3.2 Goal: Promote the production of new affordable housing units in the City.***

#### **Policies:**

- a) Inform Beaverton's residents, property owners, and business owners of the need for additional affordable housing within the City.

*Action 1: Continue participation in statewide efforts to fund affordable housing programs.*

*Action 2: Conduct outreach to local media to raise public awareness of affordable housing needs and build public support for such programs.*

*Action 3: Continue to support and participate in efforts being undertaken by other groups to develop affordable housing in and around Beaverton (e.g., the Washington County Vision Action Network, the Inter-religious Action Network, and the Housing Advocacy Group).*

- b) Partner with and assist local non-profit developers (including TVHP, the Bridge Housing Corporation, Community Partners for Affordable Housing, the Housing Development Corporation, and Habitat for Humanity) in supplying additional affordable units throughout the City for "at risk" populations including those at or below 60% of the MFI.

*Action 1: Assign the responsibility of coordinating and responding to inquiries about the development review process that involve the development of affordable housing to a specific staff member.*

**Action 2:** Whenever possible, assist developers of affordable housing in the development application and review process by providing a single staff contact to assist with application processing.

**Action 3:** Whenever possible, assign a priority status in the development review and permitting process to applications where affordable housing is being proposed so that application processing time may be reduced.

**Action 4:** Assist housing developers in determining market demand for low income, elderly and special needs housing in the City and identify specific buildable parcels for affordable housing to serve these populations.

**Action 5:** Consider comments received from developers of affordable, senior and disabled housing when considering amendments to the City's Development Code in order to minimize impediments to such projects.

**Action 6:** Consider refining and clarifying criteria for approving alternative parking requirements to reduce the cost of providing parking for affordable housing projects.

**Action 7:** Establish a revolving loan program to assist affordable housing developers with system development charges, development review and permit fees.

**Action 8:** In the interest of leveraging the fund raising capacity of the City's non-profit housing developers, dedicate funding to the Washington County Community Housing Fund. Dedication of funding will be contingent upon establishment by fund trustees of award criteria that would result in allocation of a reasonable proportion of that fund to projects located within or near the City.

**Action 9:** Establish criteria that qualify affordable housing development proposals for property tax abatements.

- c) Continue to devote funding through the City's CDBG/HOME Program to local non-profit housing development agencies in order to aid in the development and maintenance of new long-term affordable housing in the City.

**Action 1:** Establish a land banking program utilizing the City's CDBG/HOME entitlement to acquire and make available to developers land for the purpose of increasing the City's inventory of affordable housing units.

**Action 2:** Explore the idea of establishing a program using City funds to leverage employer efforts to secure affordable housing for their lower-income employees.

**Action 3:** Explore establishing a Community Land Trust that would acquire and hold land for affordable housing projects in Beaverton or Washington County as a whole.

- d) Pursue sources of revenue to be directed toward increasing the City's inventory of affordable housing units.

***Action 1:** Support efforts to establish a real estate transfer tax or fee with revenues dedicated to assisting in the provision of affordable housing.*

- e) Continue to comply or substantially comply with Metro Urban Growth Management Functional Plan (UGMFP) provisions that pertain to affordable housing.

***Action 1:** Annually monitor the progress of efforts to increase the supply of affordable housing in Beaverton, and report the findings to Metro as specified by relevant provisions of the UGMFP.*

- f) Continue over time to explore various tools and strategies that may serve to encourage the development of affordable housing in Beaverton.

***Action 1:** Consider implementing a density bonus or density credit program that focuses on achieving the City's affordable housing goals.*

***Action 2:** Consider future implementation of a residential demolition delay policy targeted for residentially zoned properties where redevelopment of the property could result in the loss of affordable units.*

***Action 3:** Explore implementing a voluntary inclusionary housing program to be used in combination with various affordable housing incentives.*

***Action 4:** Adopt and apply regulations allowing and encouraging low impact development techniques and habitat friendly development practices to facilitate integration of natural resources into affordable housing projects.*